

## 2004 Legislation

### **FINANCIAL STATEMENT REQUIREMENTS - T.C.A. 62-6-111(b)**

Effective July 1, 2004, the financial statement requirements changed from **\$1,000,000 to \$1,500,000**. For example, to apply for any of the following:

- **Renewal** - A license with a monetary limit of **\$1,500,000 or less**, the contractor may prepare their own financial statement (no longer the requirement for a CPA/PA's reviewed or audited financial statement for a limit over \$1,000,000 - \$1,500,000);
- **Revision** - A contractor may apply for an increase of **\$1,500,000 or less** with a **"Reviewed"** financial statement from a CPA/PA (no longer an "Audit" required unless **greater** than \$1,500,000); or
- **New License** - A Contractor may apply for a new license with a limit of **\$1,500,000 or less**, with a **"Reviewed"** financial statement from a CPA/PA (no longer the requirement for an "Audit" unless for a license **greater** than \$1,500,000).

Prior to this change, a contractor with a limit of \$1,500,000 was required to submit a "Reviewed" statement from a CPA/PA just to renew, and an "Audit" to revise or apply for a new license. This law change will lower the expense for several existing contractors, as well as aid those who want to expand their contracting business by alleviating the expense of CPA/PA prepared financial statements.

For a complete review of this law, please click onto the following link:

<http://www.state.tn.us/sos/acts/103/pub/pc0516.pdf#xml=http://sos.state.tn.us/master.com/texis/master/search/mysite.txt?q=Chapter+516&order=r&id=106930034860161c&cmd=xml>

### **PLUMBER LICENSING - T.C.A. 62-6-104**

Effective January 1, 2006, plumbers, who perform work less than \$25,000, will be required to be licensed by the Board for Licensing Contractors as a Limited Licensed Plumber. Amends TCA Title 62, Chapter 6. Single residence homeowners who perform plumbing work on their own residences would not be required to get a license. For purposes of rulemaking, this act will not take effect until January 1, 2006.

For a complete review of this law, please click onto the following link:

<http://www.state.tn.us/sos/acts/103/pub/pc0826.pdf#xml=http://sos.state.tn.us.master.com/texis/master/search/mysite.txt?q=Chapter+826&order=r&id=084138031c6426c9&cmd=xml>

## **CONSUMER PROTECTION ACT - T.C.A. 62-6-136**

Effective July 1, 2004, a new violation of Consumer Protection Act for representations as licensed contractor, residential contractor, or home improvement contractor when person is not so licensed and imposes liability upon individuals who make such representations on behalf of an entity having limited liability protection. - Amends TCA Title 47, Chapter 18 and Title 62, Chapter 6.

For a complete review of this law, please click onto the following link:

<http://www.legislature.state.tn.us/bills/currentqa/Chapter/PC0492.pdf>

## **PUBLIC CONTRACTS – T.C.A. 12-4-201**

Effective July 1, 2004, clarifies public work contracts, while a contractor is required to obtain a bond or other surety, the contractor is not required to obtain the bond from any particular surety, agent, broker or producer, and cannot be so required by any public official, however, the bond must be from a licensed surety, agent, broker or producer.

For a complete review of this law, please click onto the following link:

<http://www.state.tn.us/sos/acts/103/pub/pc0518.pdf#xml=http://sos.state.tn.us.master.com/texis/master/search/mysite.txt?q=Chapter+518&order=r&id=48381a725c644a08&cmd=xml>

## **CONSTRUCTION DEFECTS CLAIMS - T.C.A., Title 66**

Effective May 24, 2004, this law establishes procedures and requirements for resolving claims regarding construction defects in commercial property. Under this law, a person with a claim against a contractor, subcontractor, supplier, or design professional could not proceed with a suit on the claim until there has been compliance with outlined requirements (claimant provides notice, giving such parties an opportunity to respond, make a settlement offer, or remedy defect. - Amends TCA Title 66).

For a complete review of this law, please click onto the following link:

<http://www.legislature.state.tn.us/bills/currentqa/Chapter/PC0741.pdf>

## **CRIMINAL HISTORY RECORDS – T.C.A. 56-1**

Effective April 22, 2004, authorizes the Department Commerce and Insurance to query TBI's criminal history records, orders of protection files and other similar databases, including FBI files, when such records are necessary in the performance of the department's licensure, permit and consumer protection duties.

For a complete review of this law, please click onto the following link:

[http://www.state.tn.us/sos/acts/103/pub/pc0557.pdf#xml=http://sos.state.tn.us.master.com/texis/master/search/mysite.txt?q=Chapter+557&order=r&id=30307a1b582d6c56&cmd=xml](http://www.state.tn.us/sos/acts/103/pub/pc0557.pdf#xml=http://sos.state.tn.us/master.com/texis/master/search/mysite.txt?q=Chapter+557&order=r&id=30307a1b582d6c56&cmd=xml)

**CHAPTER NO. 516****HOUSE BILL NO. 2364****By Representatives Bowers, Todd, DuBois****Substituted for: Senate Bill No. 2331****By Senator Cooper**

AN ACT to amend Tennessee Code Annotated, Title 62, Chapter 6, relative to general contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-111(b) is amended by deleting the text of subsections (3) and (4) and substituting instead the following:

(3) If an applicant requests a monetary limitation of greater than one million five hundred thousand dollars (\$1,500,000), the applicant's financial statement shall be audited and attested to by a licensed public accountant or certified public accountant.

(4) The financial statement of any applicant requesting a monetary limitation of one million five hundred thousand dollars (\$1,500,000) or less shall be either reviewed or audited by a licensed public accountant or certified public accountant. The board may, in its discretion, require the financial statement of such an applicant be audited and attested to by a licensed public accountant or certified public accountant.

SECTION 2. Tennessee Code Annotated, Section 62-6-111 is amended by adding the following language as a new, appropriately designated subsection:

( )

(1) A licensee may request the board to consider revision of his classification(s) and/or monetary limitation(s) at any of its regular meetings. Such request shall be made by letter, which shall be accompanied by financial, equipment, and experience statements relative to the classification request accurate as of no more than twelve 12 months prior to the date of the request. The request must be received in the office of the board by the last day of the month before the month in which it is to be considered.

(2) If an applicant requests a change in monetary limitation to an amount of one million five hundred thousand dollars (\$1,500,000) or less, the applicant shall submit a financial statement that has been reviewed or audited by a licensed public accountant or certified public accountant. If an applicant requests a change in monetary limitation to an amount greater than one million five hundred thousand dollars (\$1,500,000), the applicant shall submit a financial statement that has been audited and attested to by a licensed public accountant or certified public accountant.

(3) The board reserves the right to require examination pursuant to request for change of classifications. The board further reserves the right to consider a request for change of classification or limitation at any time if consideration of the request at the regularly scheduled meeting would cause an undue hardship on the owner and be in the best interest of the public safety and welfare.

(4) Increases within the first year will not be allowed without special permission from the board.

SECTION 3. Tennessee Code Annotated, Section 62-6-116 is amended by deleting subsection (c) and substituting instead the following as new, appropriately designated subsections:

( ) Renewal may be effected at any time during the thirty (30) days prior to the expiration of the license by filing with the board a financial statement, a report of any personal or corporate bankruptcies, and other such information as the board may require, and by the payment of a fee as set by the board.

( ) A renewal application for a monetary limitation greater than one million five hundred thousand dollars (\$1,500,000) shall be accompanied by a reviewed or audited financial statement prepared by a licensed public accountant or a certified public accountant. If a renewal applicant requests a monetary limitation of one million five hundred thousand dollars (\$1,500,000) or less, the applicant shall submit a notarized statement that the information contained in the financial statement is true and correct.

SECTION 4. This act shall take effect on July 1, 2004, the public welfare requiring it.

**PASSED: April 1, 2004**

  
JIMMY RAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 12<sup>th</sup> day of April 2004

  
PHIL BREDESEN, GOVERNOR